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A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values ... Current Studies ... Survey ... Forecasts

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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

BUSINESS ACTIVITY STILL AT HIGH LEVEL

BUSINESS conditions, as indicated by check transactions, are still at a high level. The charts showing check transactions in 90 principal cities appear on the following pages, and while most of them show a lower level of activity than a year ago, the declines have been small. The national average chart at the top of the next page shows that on the national scale the volume of check transactions has dropped very slightly.

In studying these charts it must be remembered that the cities cannot be compared with each other. The reason for this is because each city is charted above and below its own "normal" line, and naturally each city has a different normal line. Therefore, the most useful comparison that can be made is to compare a city's present condition with its past condition.

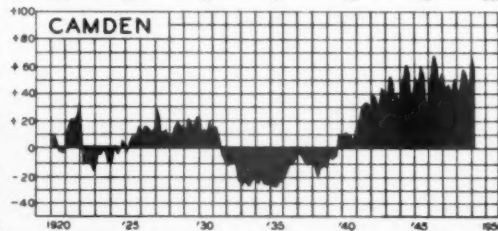
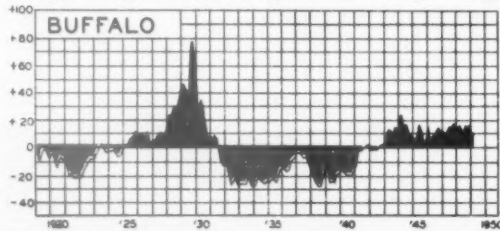
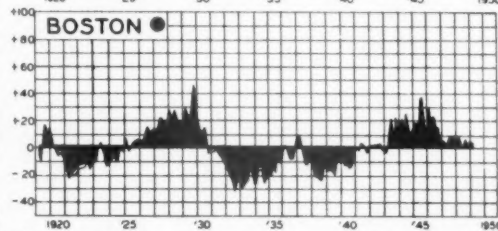
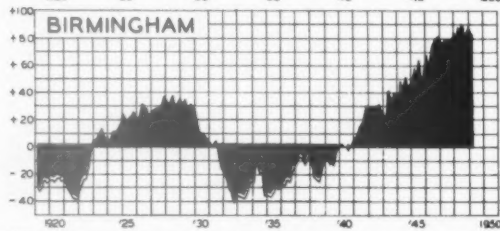
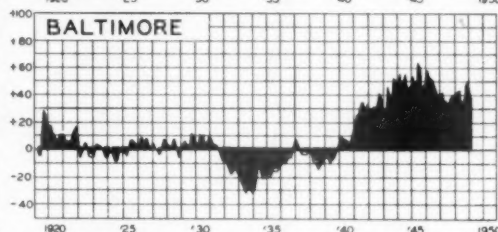
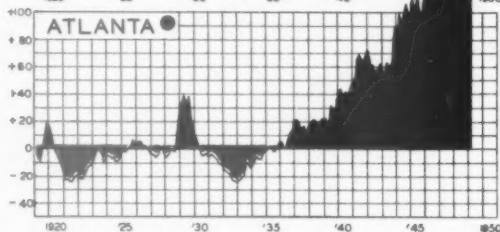
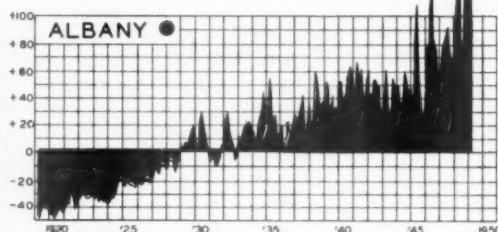
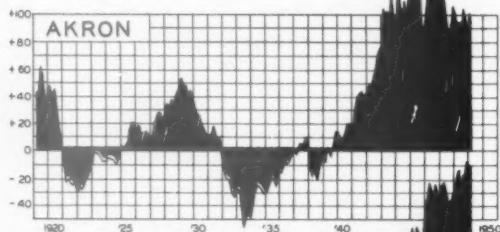
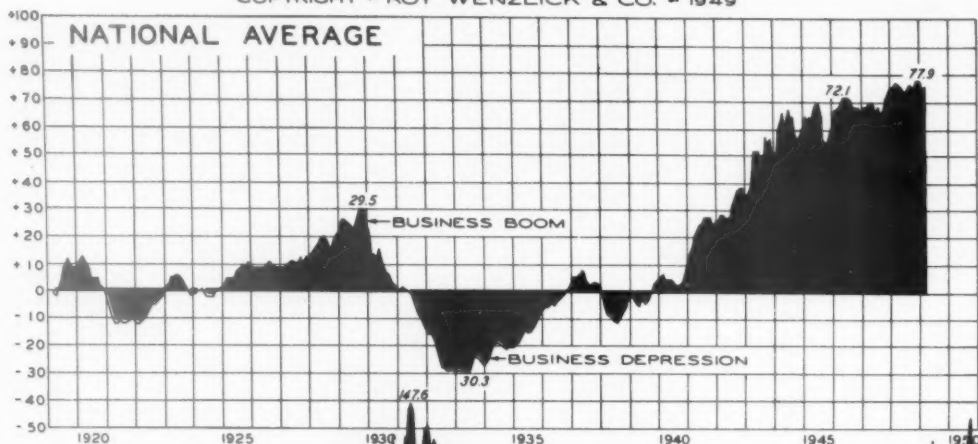
We have felt for some time that 1949 would be a good year for most business enterprises, though not quite so good as 1948. We still feel that way about it. We think that most people will agree that the inflationary pressures that have supercharged our boom have about fizzled out and that a downturn in business has definitely arrived. We see little chance for a renewal of these pressures unless the government launches a prolonged program of deficit spending - and at present that possibility is still below the horizon.

On the whole we are more optimistic over the short-term outlook than we are for the longer one. Prices have been declining for several months and wage rates in several important industries have started down. Unemployment has also been on the increase. Many observers view these changes as long overdue corrections and believe that these corrections are a healthy sign of returning stability. We are partly in accordance with this view. We believe that these corrections, so far, have been healthy - and that they are overdue. We have serious doubts, however, as to whether these corrections as evidenced by falling prices, falling wages and rising unemployment, are apt to lead to stability. Whatever stability may be, we have seldom had it in this country. Prices and wages are historically unstable. So are profits and earnings of common stock. Until 1942, rents were never stabilized. The behavior of our economy in the past has been a series of decidedly unstable ups and downs. Perhaps there are new forces at work that will inject some element into our national fabric that will slow the decline. Social planners seem to think their way will succeed. We don't believe it will. We think that economic conditions will eventually reach a stage regarded as a depression level. How long that stage will last is impossible to guess. We believe, however, that no sudden collapse will occur and that a great deal of profitable business will be transacted before this stage is reached.

BUSINESS CONDITIONS AS SHOWN BY VARIATIONS IN CHECK TRANSACTIONS

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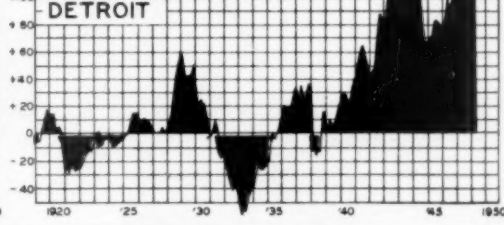
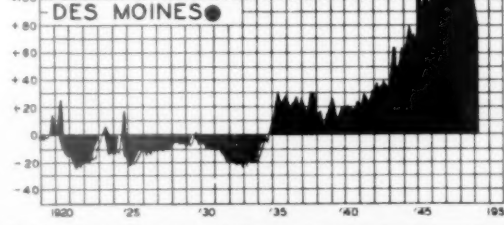
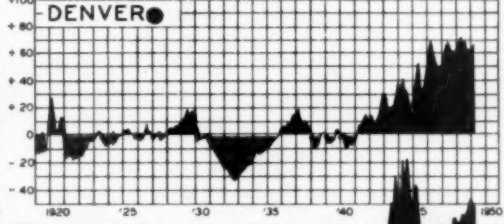
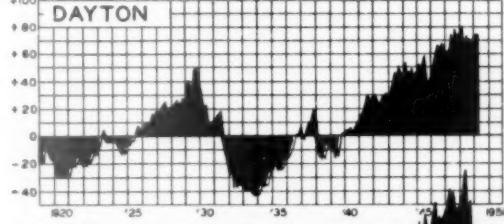
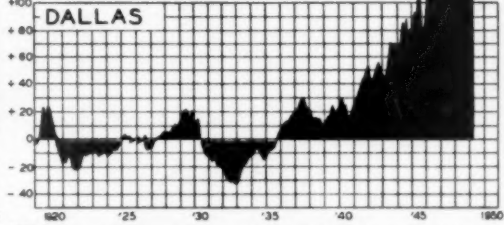
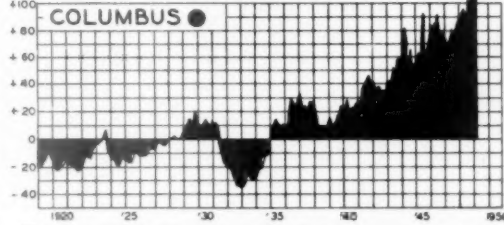
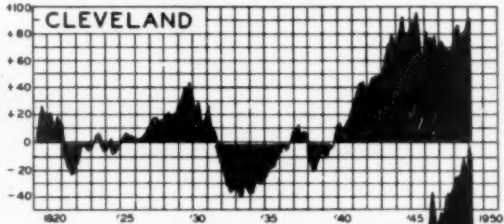
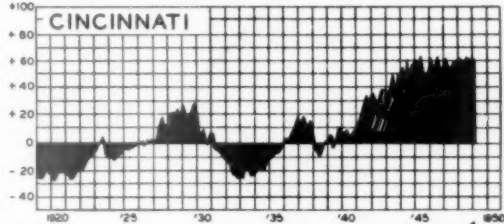
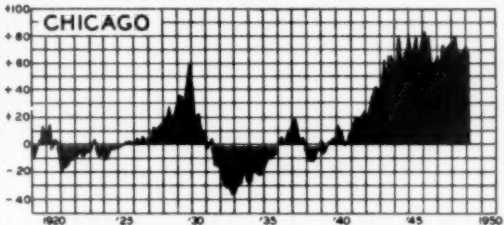
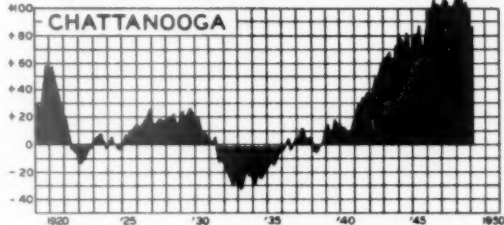
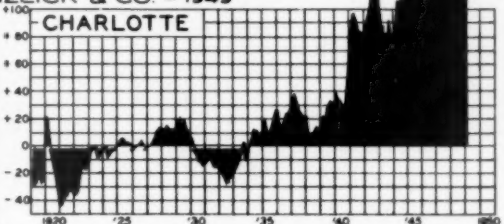
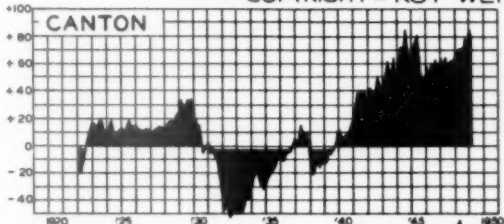
PERCENTAGE DEVIATIONS FROM NORMAL



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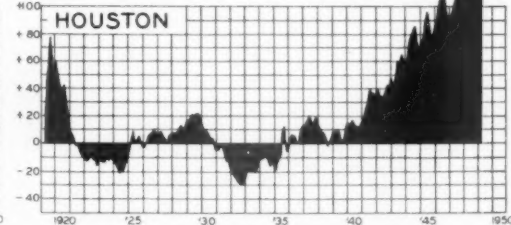
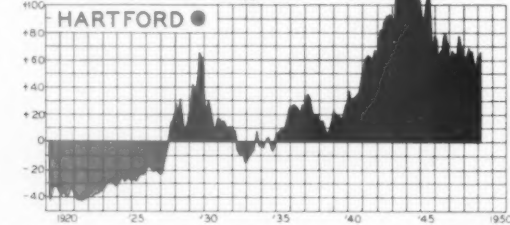
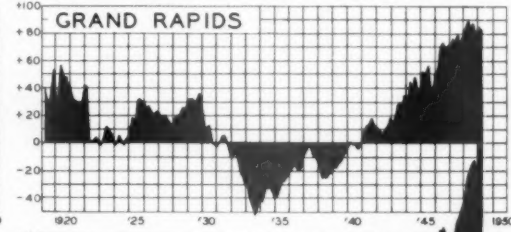
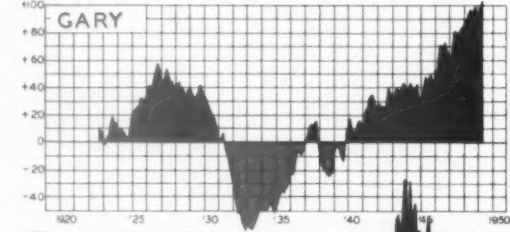
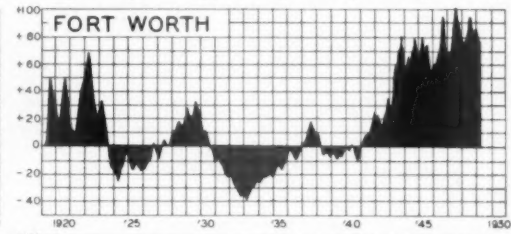
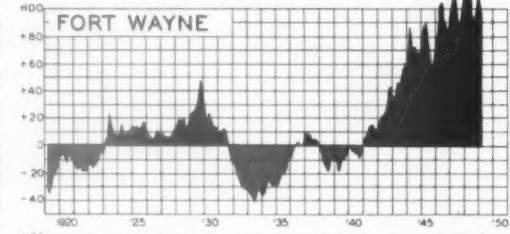
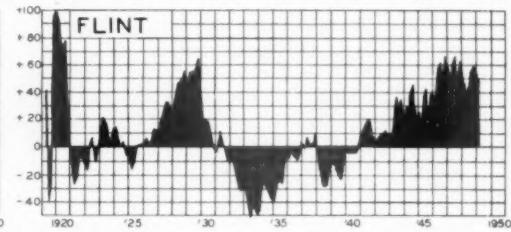
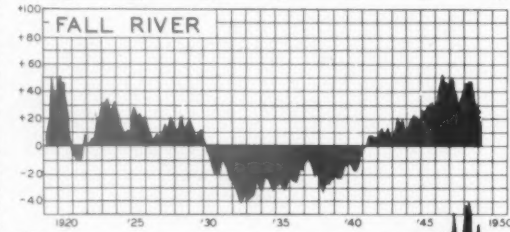
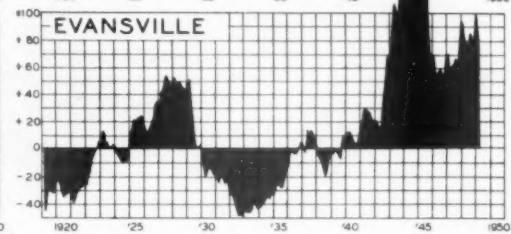
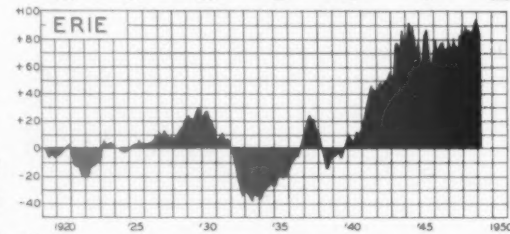
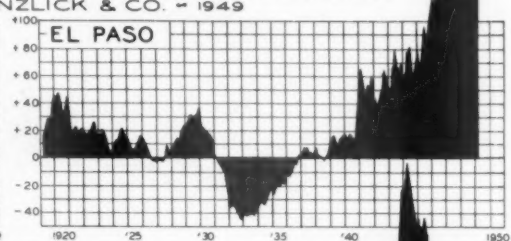
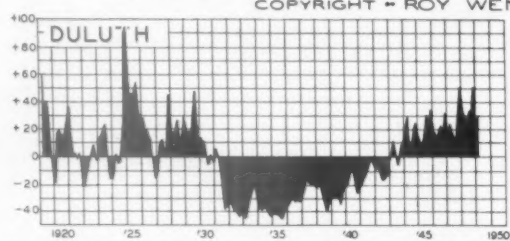
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BUSINESS CONDITIONS

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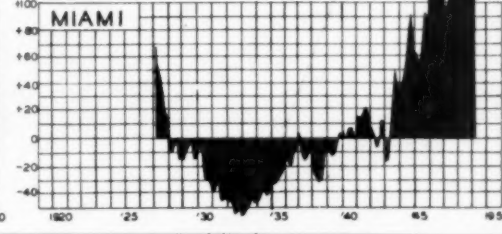
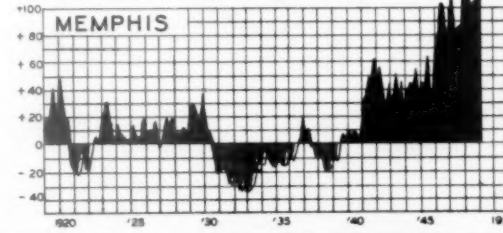
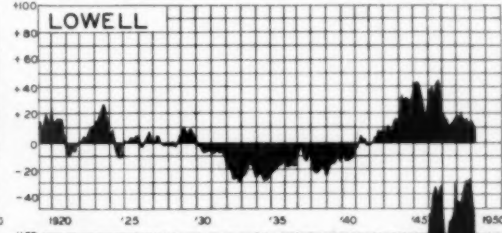
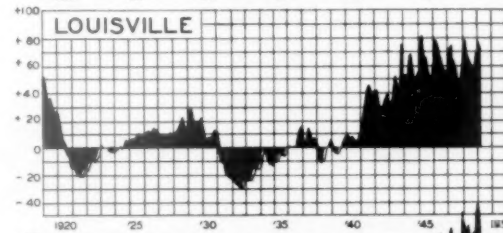
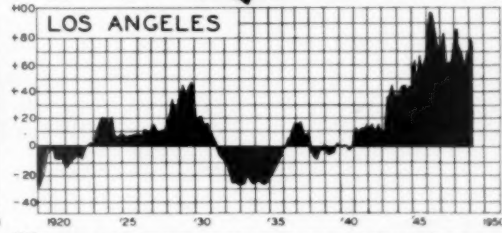
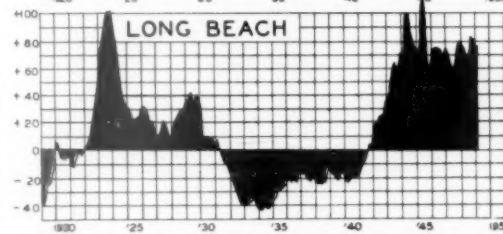
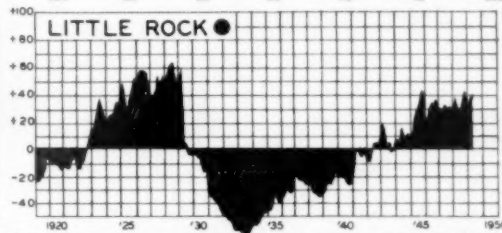
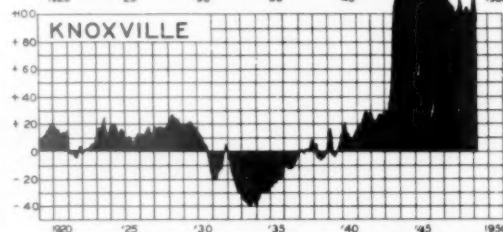
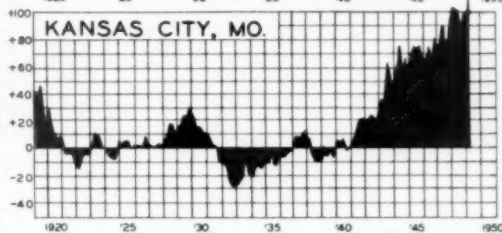
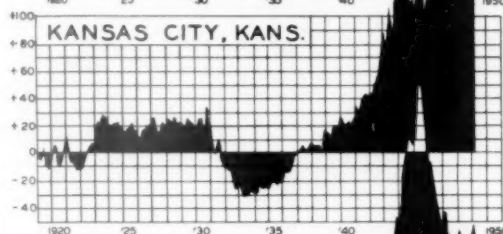
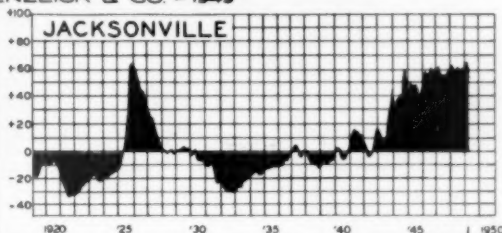
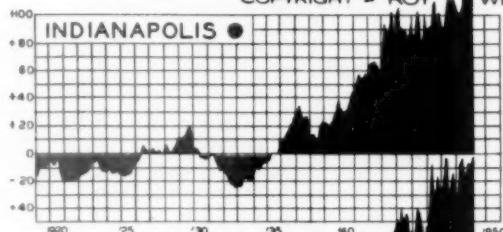
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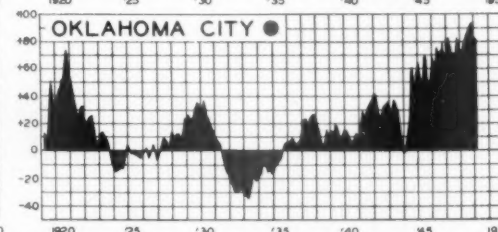
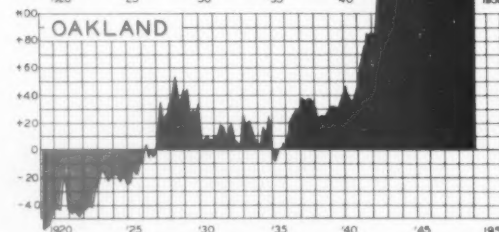
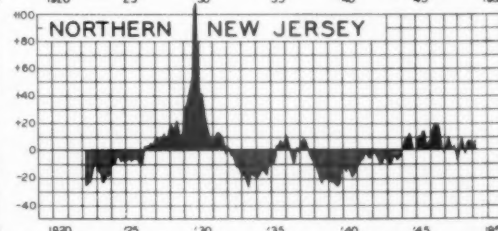
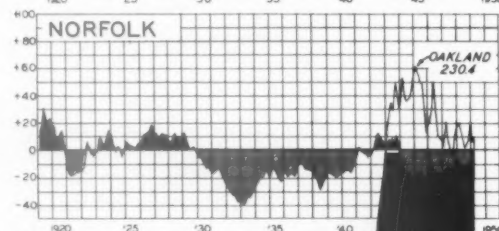
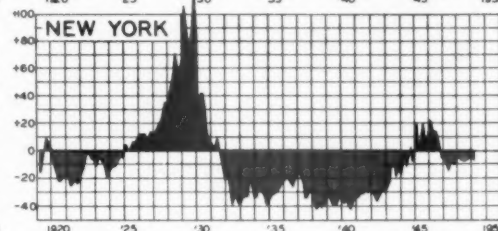
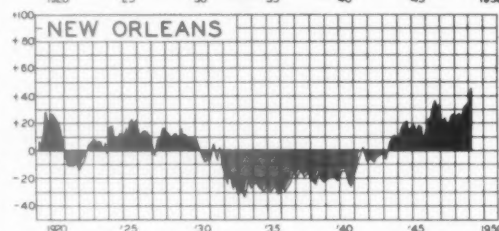
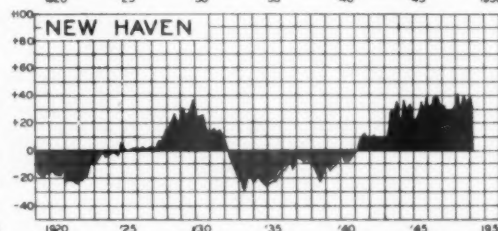
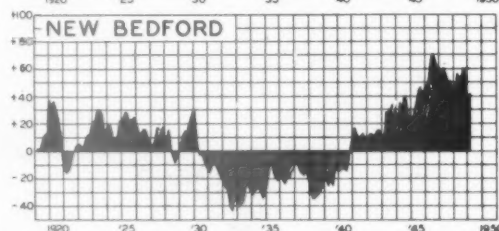
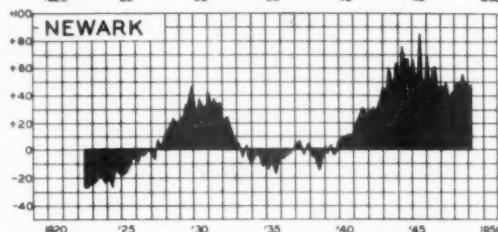
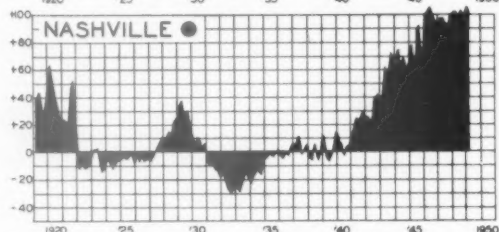
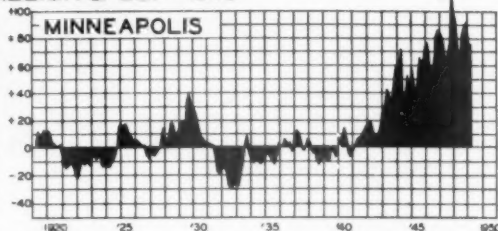
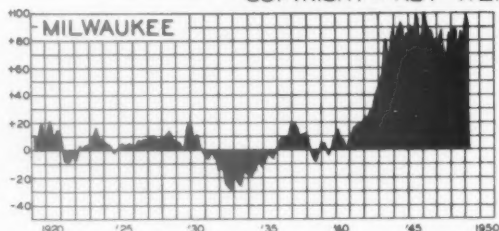
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BUSINESS CONDITIONS

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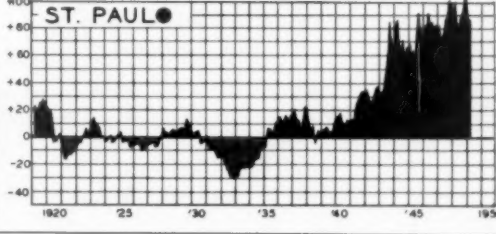
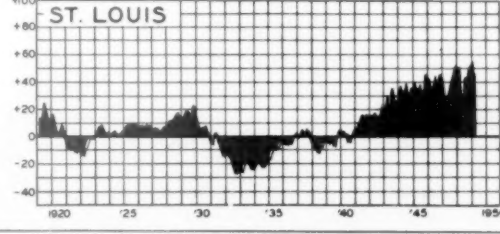
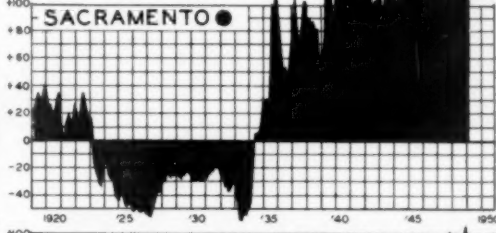
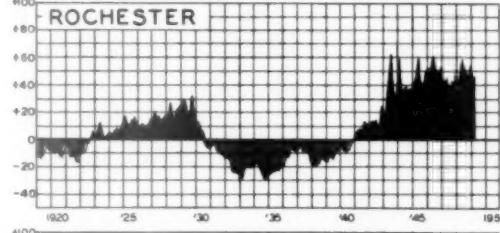
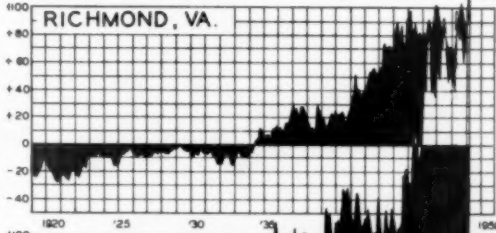
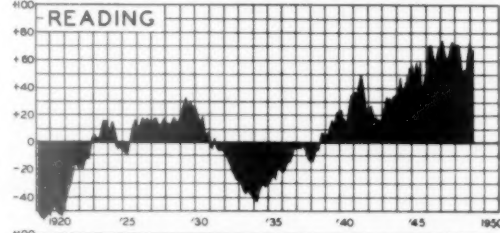
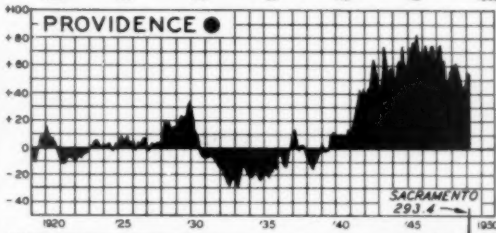
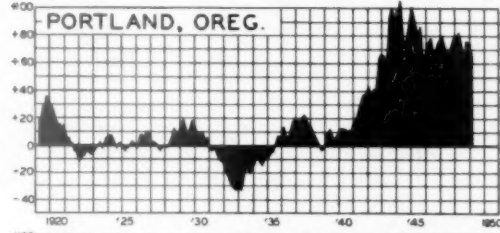
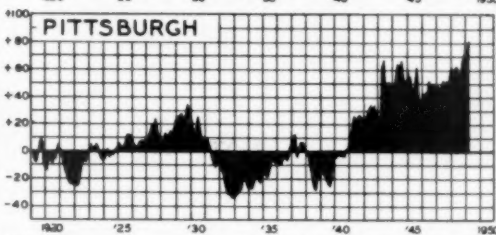
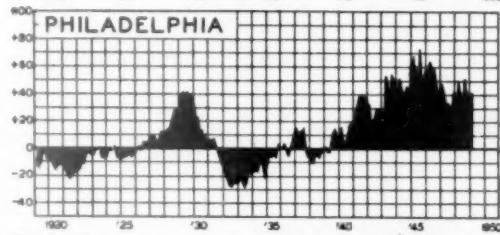
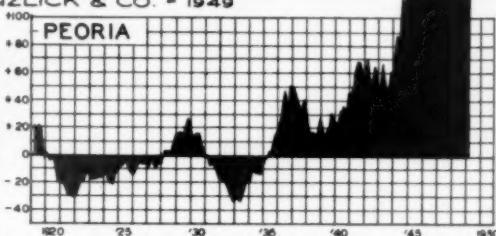
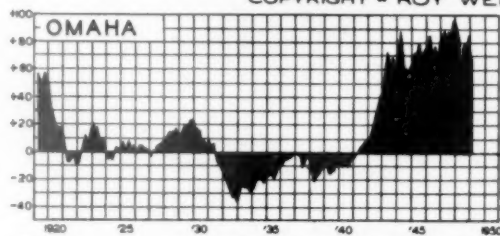


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PERCENTAGE DEVIATIONS FROM NORMAL



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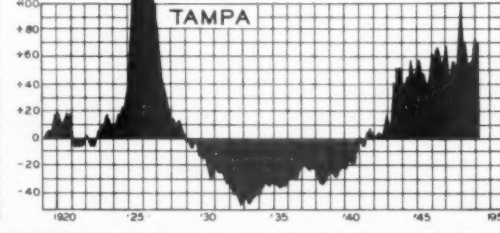
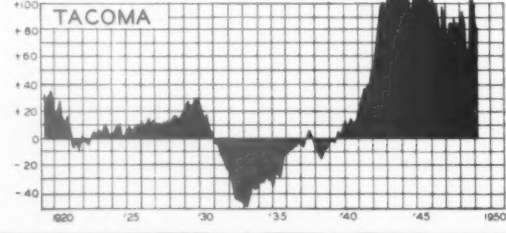
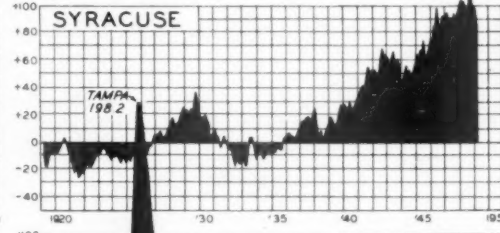
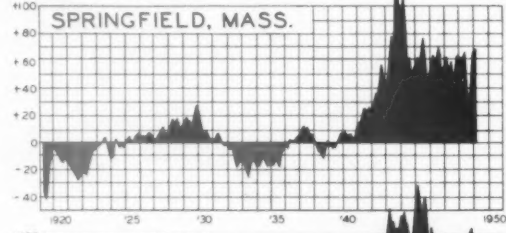
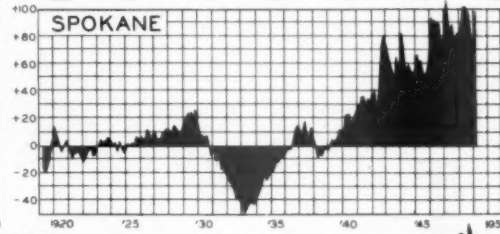
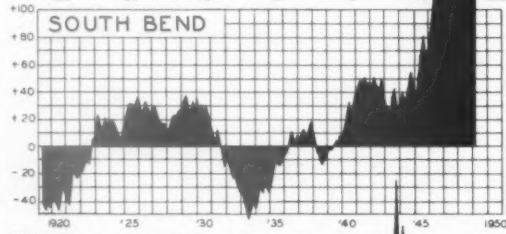
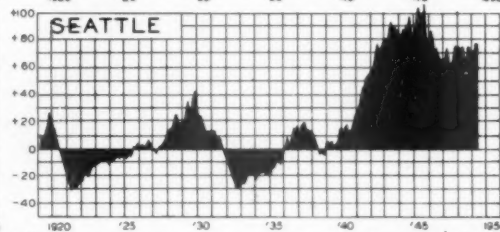
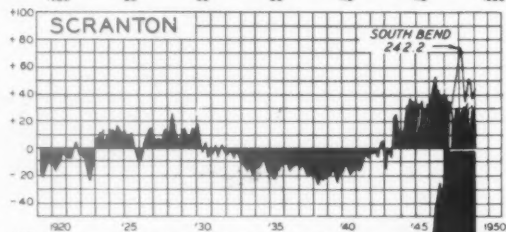
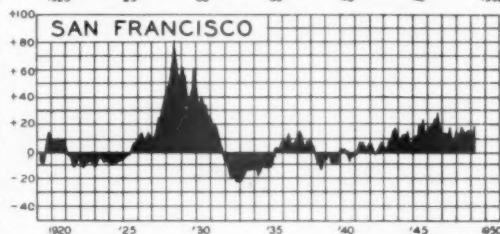
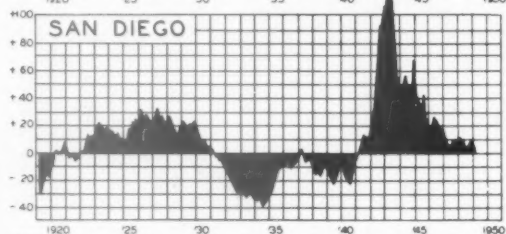
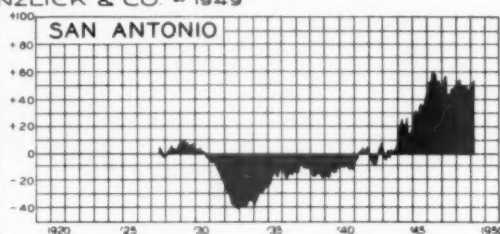
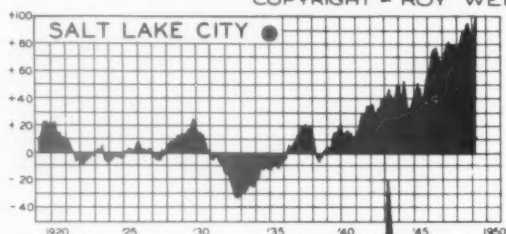
● STATE CAPITALS

BUSINESS CONDITIONS

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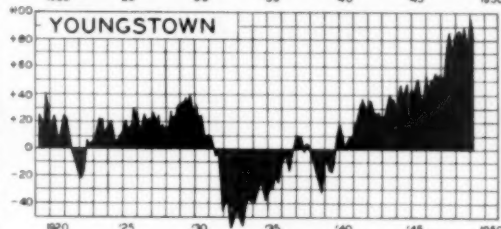
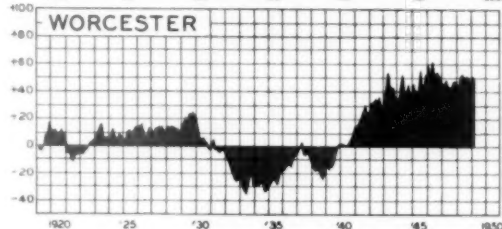
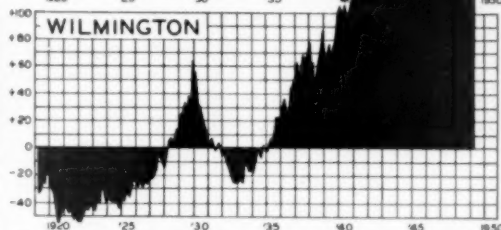
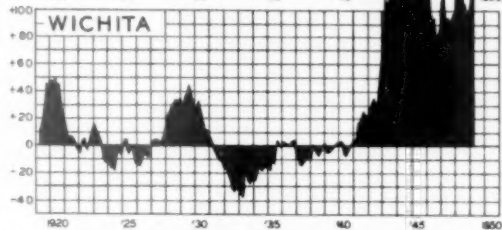
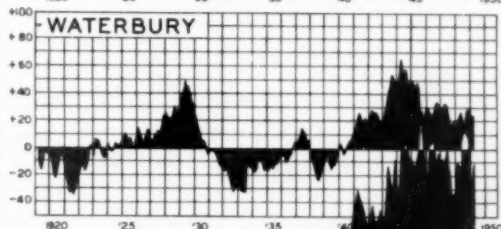
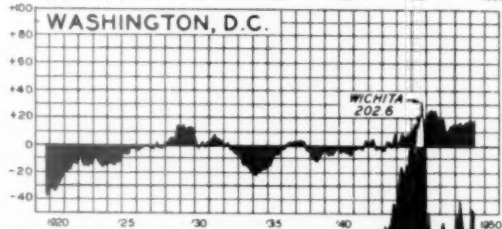
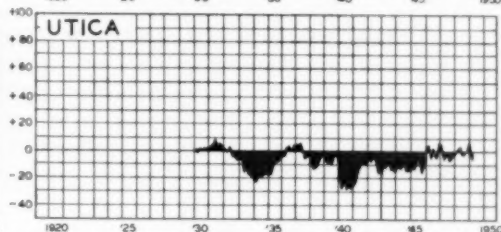
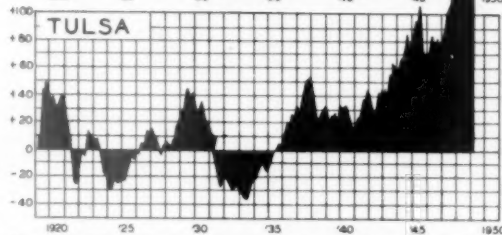
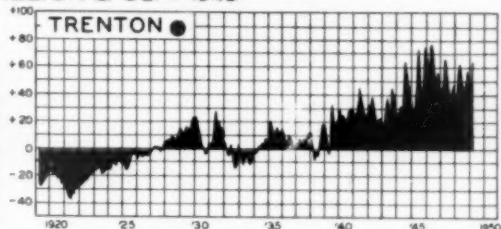
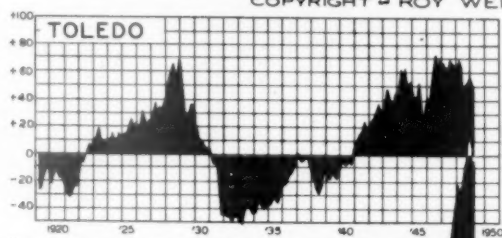
PERCENTAGE DEVIATIONS FROM NORMAL



BUSINESS CONDITIONS AS SHOWN BY VARIATIONS IN CHECK TRANSACTIONS

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PERCENTAGE DEVIATIONS FROM NORMAL



LUMBER INVENTORY UP - PRICES START TO FALL

THE supply of lumber finally caught up with the demand some time during the third quarter of 1948 and prices started down. That they have fallen rather steeply since then is shown by the chart on page 219. From its peak of 319.5 the lumber price index has fallen to 294.7. This is a drop of almost 8%. This drop in price, naturally much greater in certain types and grades, has forced a number of smaller mills to suspend operations. As the price index continues to drop, a still greater number of the less efficient mills will be forced out of business.

Lumber stocks at the end of the first quarter of 1949 had reached their highest point since the early part of the war. They totaled (11.9 billion board feet) almost one-third of the estimated production for 1948.

A reasonable set of expectations would be for lumber prices to continue to drop, for production to slacken, and for accumulation of stocks to take place more slowly.

FARM INCOME TAKES A DIP

CASH income from farm marketing for the first quarter of 1949 was about 3% below its 1948 level. During the first quarter of 1948 farmers received \$6,270 million for their products, while during the similar period in 1949 they received \$6,081 million - a drop of \$189 million. This decline, however, was not spread over all sections of the country. The South Atlantic Region showed a gain during the first quarter of this year of 9%. The South Central Region gained 3-1/2% and the Western Region gained about 0.8%.

The drop occurred in livestock and products rather than crops. Cash income from marketing livestock and products dropped from \$3,894 million in the first quarter of 1948 to \$3,634 million for the same period in 1949, a drop of 7%. Cash income from crops rose during the first quarter of 1949 to \$2,446 million, compared with \$2,375 million for the first quarter of 1948, a rise of 3%.

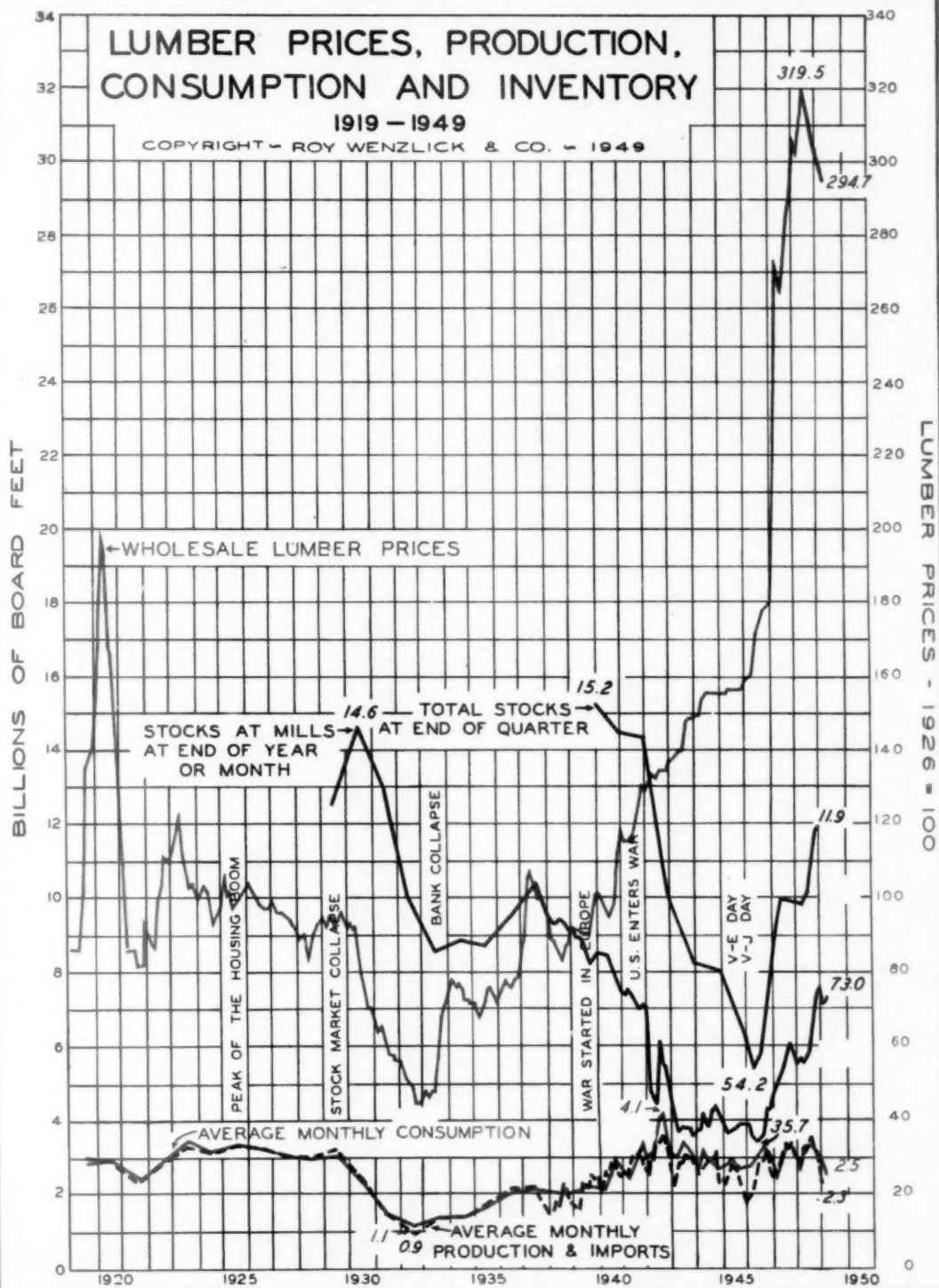
The outlook for the year as a whole, however, seems to be for lower cash income for farmers than they enjoyed during 1948. Demand will remain high, although not so high as last year. Prices received for farm products are expected to continue their slow decline. On the other hand, this lower farm income is partially offset by lower prices for the items the farmers have to buy.

The chart on page 220 shows the trend of farm income received from major farming operations. Income from all of these farm products has shown recent declines except cotton and cottonseed and poultry and eggs. No doubt a factor in the high income received from poultry and eggs is the fact that during the first quarter of 1949 the government bought almost twice as many eggs for storage as it did in the entire year of 1948. Continued price supports and increased acreage partly account for cotton's failure to drop.

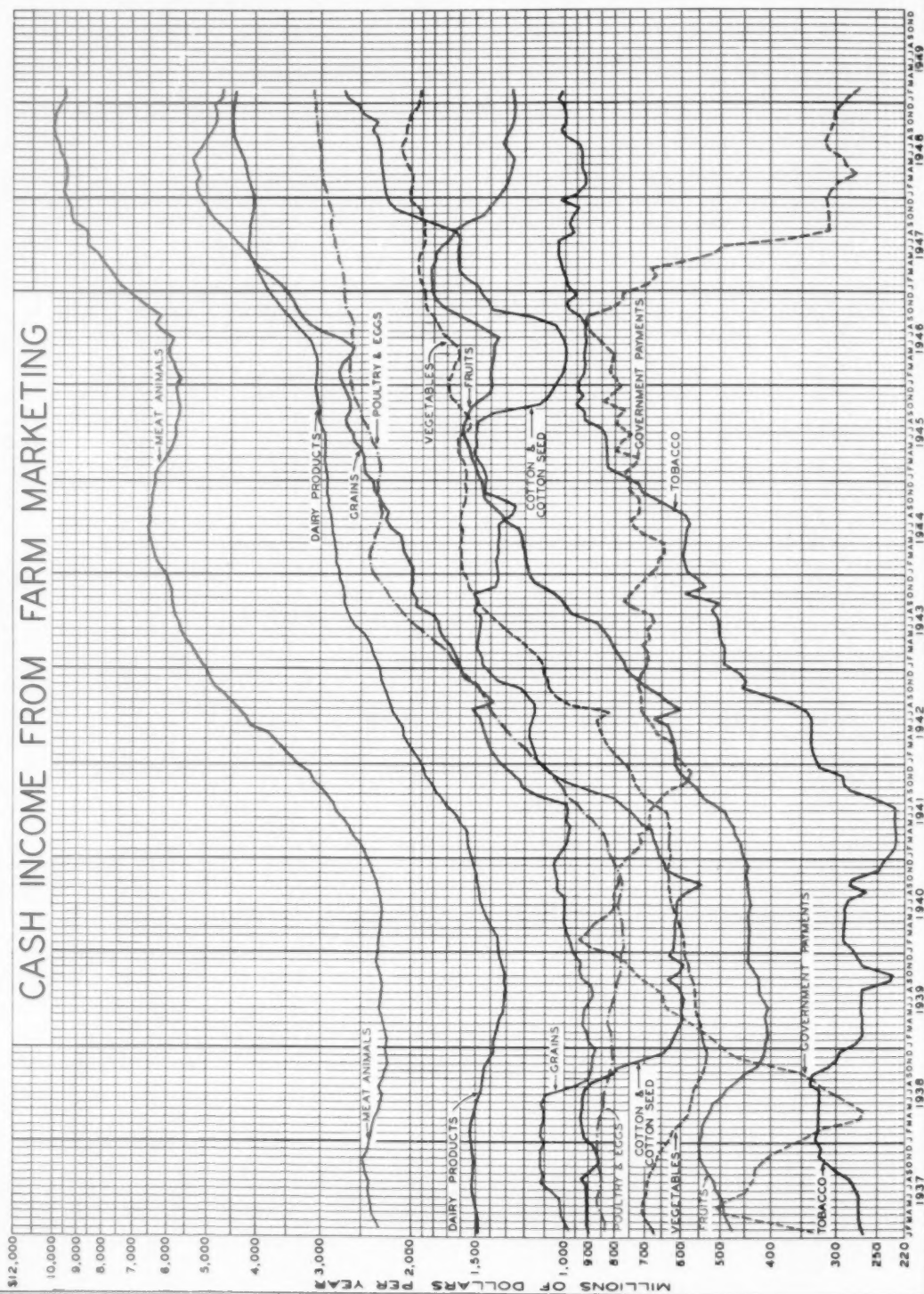
LUMBER PRICES, PRODUCTION, CONSUMPTION AND INVENTORY

1919 - 1949

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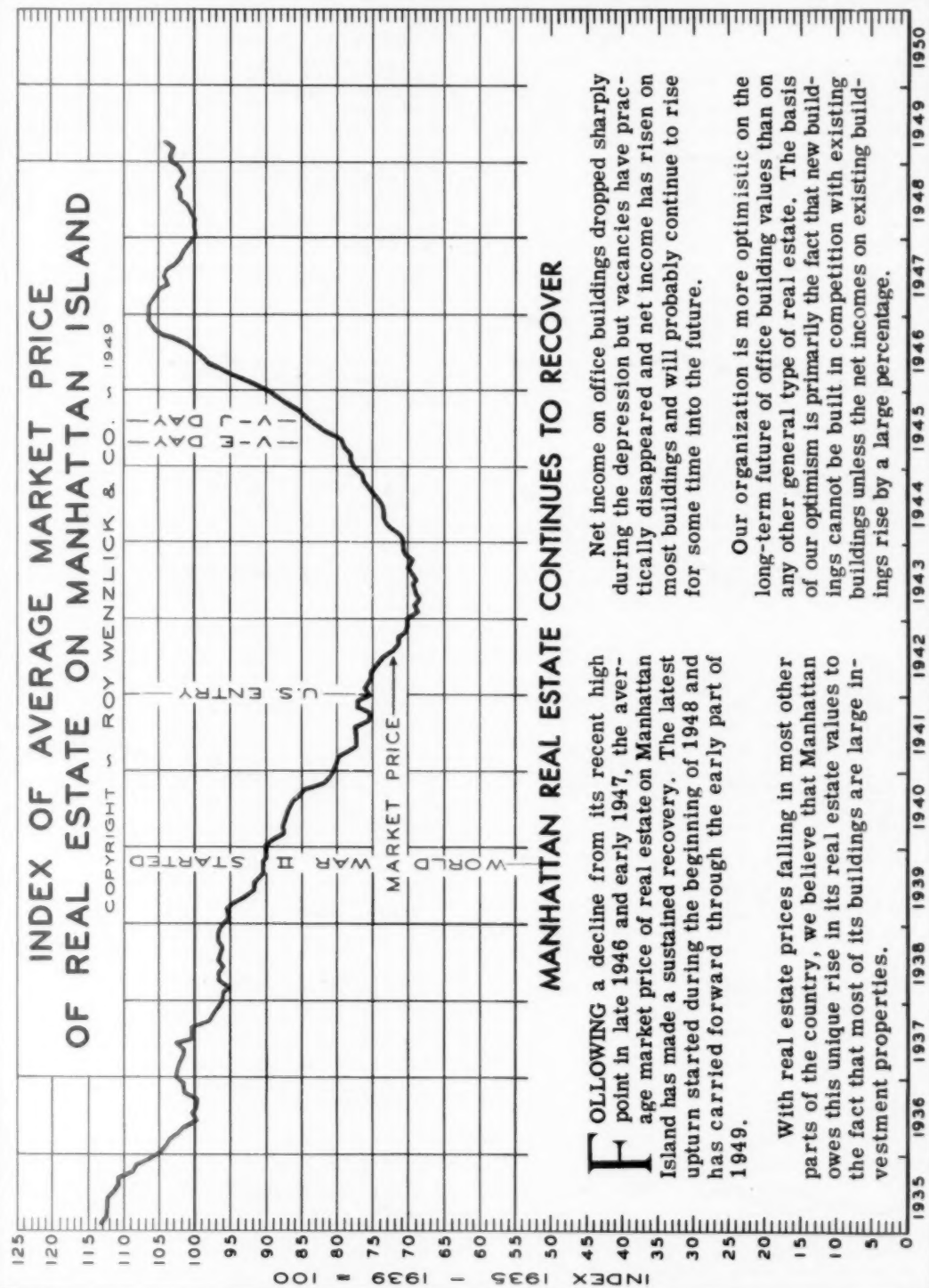


CASH INCOME FROM FARM MARKETING



INDEX OF AVERAGE MARKET PRICE OF REAL ESTATE ON MANHATTAN ISLAND

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MANHATTAN REAL ESTATE CONTINUES TO RECOVER

FOLLOWING a decline from its recent high point in late 1946 and early 1947, the average market price of real estate on Manhattan Island has made a sustained recovery. The latest upturn started during the beginning of 1948 and has carried forward through the early part of 1949.

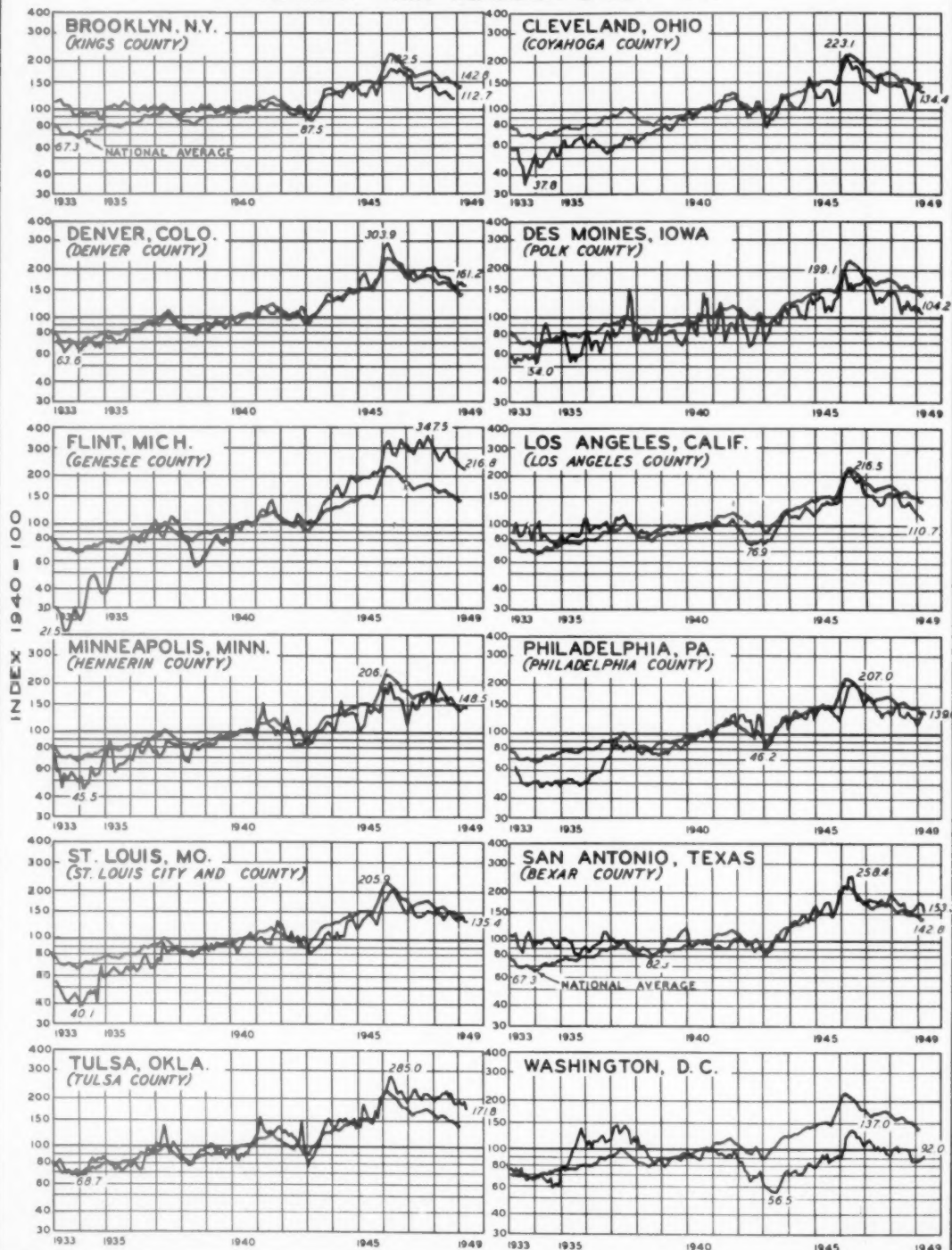
With real estate prices falling in most other parts of the country, we believe that Manhattan owes this unique rise in its real estate values to the fact that most of its buildings are large investment properties.

Net income on office buildings dropped sharply during the depression but vacancies have practically disappeared and net income has risen on most buildings and will probably continue to rise for some time into the future.

Our organization is more optimistic on the long-term future of office building values than on any other general type of real estate. The basis of our optimism is primarily the fact that new buildings cannot be built in competition with existing buildings unless the net incomes on existing buildings rise by a large percentage.

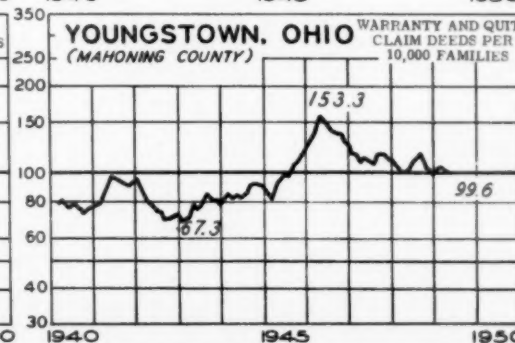
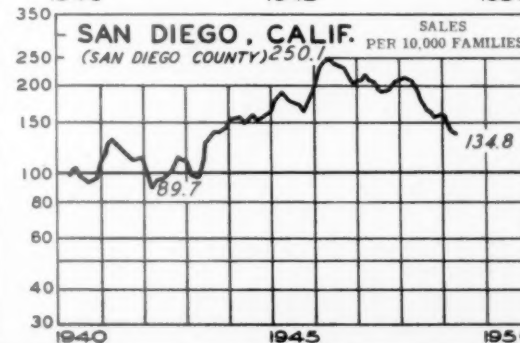
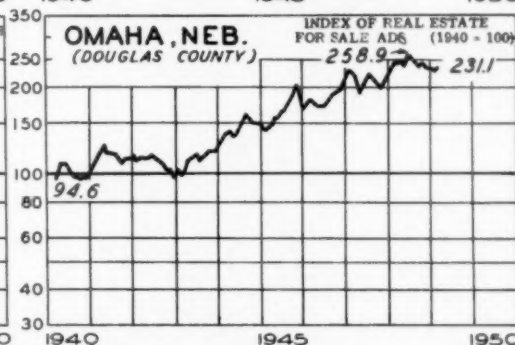
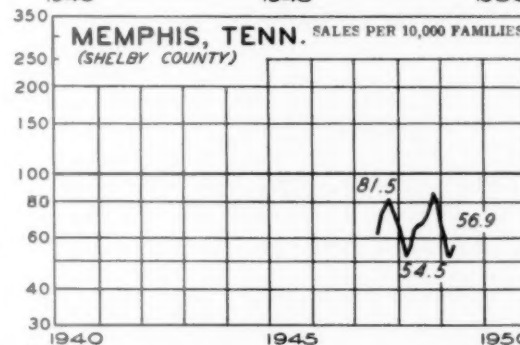
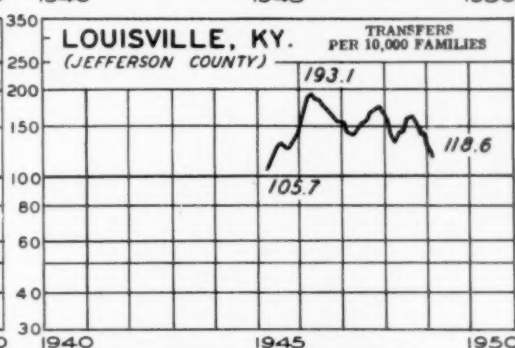
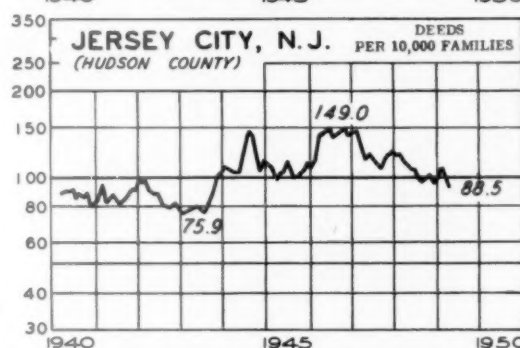
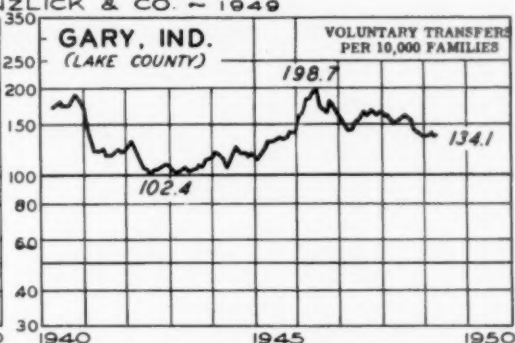
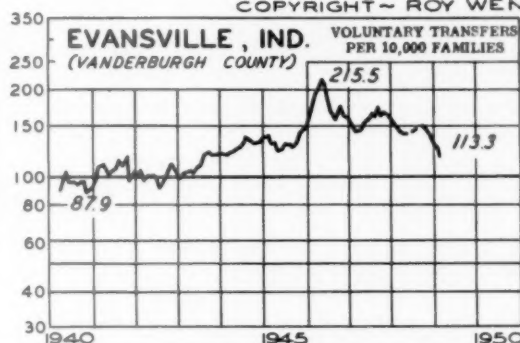
REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

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INDICATORS OF REAL ESTATE ACTIVITY IN PRINCIPAL CITIES

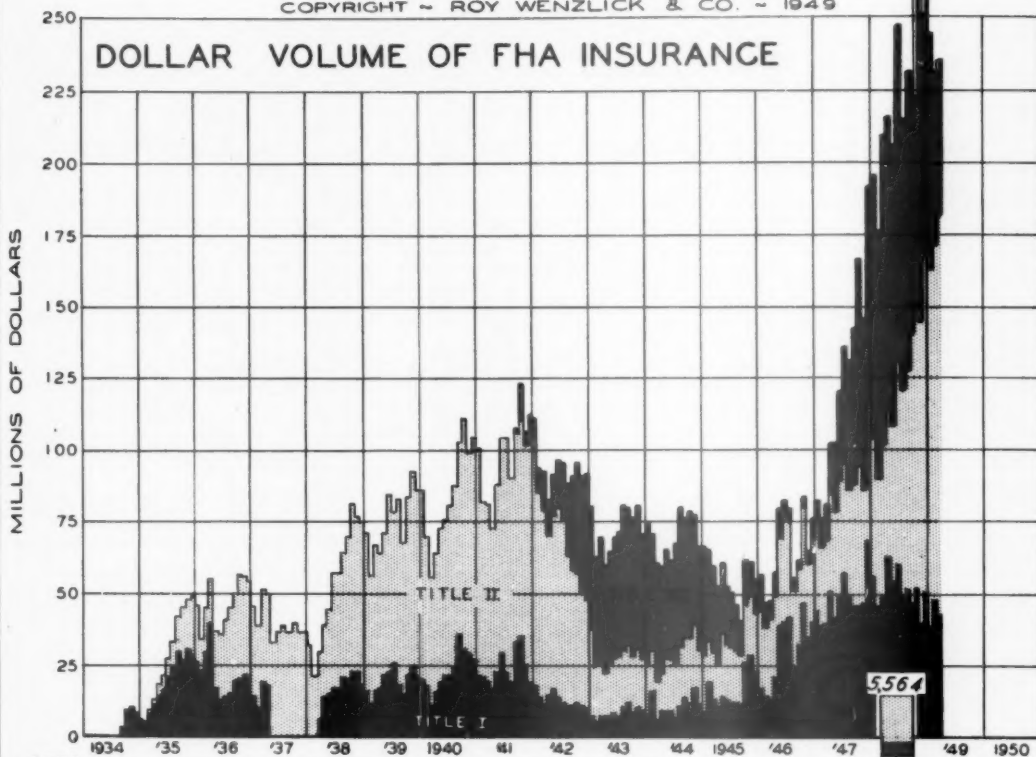
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FHA FINANCING

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DOLLAR VOLUME OF FHA INSURANCE



HOME MORTGAGES HELD BY CLASS OF INSTITUTION

